



*1964*

*36<sup>th</sup> Annual Report*

THE CALGARY & EDMONTON CORPORATION  
LIMITED

MERGED WITH CANADIAN SUPERIOR OIL LTD





## DIRECTORS' REPORT TO THE SHAREHOLDERS:

Your Directors are pleased to present the thirty-sixth annual report on the operations of your Company, along with the financial statements for the year ended December 31, 1964.

### Financial

Gross operating revenue from the sale of crude oil, natural gas liquids and natural gas for the year totalled \$4,578,432 compared to \$4,568,222 for the previous year. Net earnings after all charges amounted to \$1,177,899 or 49 cents per share compared to net earnings of \$986,896 or 41 cents per share for 1963.

### Exploration and Drilling

During 1964 your Company had an interest in the drilling of 40 wells. A summary of the year's drilling follows:

#### Exploration

	Oil	Gas	Dry	Total
Royalty .....	4	1	3	8
Royalty & Participation ....	—	—	—	—
Participation .....	1	3	12	16

#### Development

Royalty .....	12	1	—	13
Royalty & Participation ....	—	—	—	—
Participation .....	1	1	1	3
	18	6	16	40

Your Company carried on a vigorous exploration program during 1964 which extended over the provinces of Alberta, Saskatchewan, British Columbia and into the Territories.

### Leases Reservations and Fee Lands

Much of our exploration activity in 1964 resulted in the acquisition of Petroleum and Natural Gas rights which appear to have future potential. Approximately 858,049 net acres of mineral rights were acquired during 1964 and selective surrenders were made of 510,549 net acres. At December 31, 1964 your Company's net acreage position was as follows:



	ALBERTA	B.C.	SASK.	N.W.T.	TOTAL
Crown Leases .....	366,737	35,991	1,040	—	403,768
Freehold Leases .....	22,118	—	46,832	—	68,950
Natural Gas Leases .....	10,808	1,493	—	—	12,301
Crown Reservations .....	1,098,863	310,692	386,080	450,996	2,246,631
Drilling Reservations .....	11,933	33,596	5,120	—	50,649
Mineral Title .....	53	—	321	—	374
Gas Licence .....	3,520	—	—	—	3,520
	<u>1,514,032</u>	<u>381,772</u>	<u>439,393</u>	<u>450,996</u>	<u>2,786,193</u>
Freehold Lands .....	<u>1,142,109</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,142,109</u>
	<u>2,656,141</u>	<u>381,772</u>	<u>439,393</u>	<u>450,996</u>	<u>3,928,302</u>

When the Company was incorporated in 1929 it acquired, for the issue of shares, 1,142,109 acres of fee mineral rights. At December 31, 1964 241,869 acres were under lease to various operators. The remaining 900,240 acres are being retained for development by the Company.

#### Directors

During the year under review Mr. T. G. Ewart resigned as a Director and was replaced by Mr. H. J. Caine, the Corporation's General Manager.

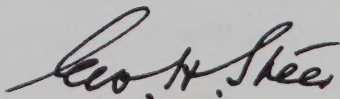
#### Merger Negotiations

On January 28 last an offer and Prospectus was sent to all shareholders of record from Canadian Superior Oil Ltd. whereby that company would seek to acquire all the outstanding shares of your Company by means of an exchange of shares. The basis of the exchange is 1.16 shares of Canadian Superior Oil Ltd. for each outstanding share of your Company. The Prospectus contained detailed information regarding Canadian Superior and its business as well as your Company and its business, together with audited financial statements of both companies. Your Board of Directors has carefully considered the proposed Exchange Offer. It appeared to your Board that the combining of the operations of Calgary & Edmonton with Canadian Superior will enable both companies to drill and develop their own properties more advantageously than they could do if they proceeded individually. Accordingly your Board of Directors recommends the exchange to all of the shareholders of the Company.

On behalf of the Board,

Calgary, Alberta,

March 17, 1965.

 Chairman.

# THE CALGARY & EDMONTON CORPORATION LIMITED

## STATEMENTS OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1964

### EARNINGS

REVENUE :	1964	1963
Oil and gas —		
Participation .....	\$ 2,642,773	\$ 2,490,229
Royalty .....	1,935,659	2,077,993
	\$ 4,578,432	\$ 4,568,222
Lease rentals .....	257,782	199,346
	\$ 4,836,214	\$ 4,767,568
EXPENSES :		
Lease and plant operating .....	\$ 316,125	\$ 284,376
General operating and administration .....	911,501	923,440
Lease rentals .....	662,435	358,284
Exploration .....	1,061,982	1,296,496
Dry holes .....	310,662	654,902
Leasehold abandonments and other abandonments .....	244,561	71,465
Depreciation, amortization and depletion .....	327,155	370,318
	\$ 3,834,421	\$ 3,959,281
Operating income .....	\$ 1,001,793	\$ 808,287
OTHER REVENUE :		
Interest .....	\$ 107,965	\$ 113,768
Dividend .....	68,141	64,841
	\$ 176,106	\$ 178,609
Net earnings for the year .....	\$ 1,177,899	\$ 986,896

### RETAINED EARNINGS

	1964	1963
Balance at January 1 .....	\$14,109,995	\$11,659,126
Add :		
Net earnings for the year .....	1,177,899	986,896
Gain on disposal of securities .....	—	1,705,483
	\$15,287,894	\$14,351,505
Deduct :		
Dividend paid .....	\$ 241,510	\$ 241,510
Adjustment of prior years' income taxes .....	13,900	—
	\$ 255,410	\$ 241,510
Balance at December 31 .....	\$15,032,484	\$14,109,995

*The accompanying notes are an integral part of these financial statements.*



# THE CALGARY & EDMONTON CORPORATION LIMITED

## ASSETS

	1964	1963
CURRENT:		
Cash .....	\$ 53,530	\$ 68,870
Short term securities, at cost (market value — 1964, \$1,963,035; 1963, \$3,159,145) .....	1,963,275	3,159,500
Accounts receivable .....	570,326	683,995
Prepaid expenses .....	18,104	26,574
Total current assets .....	\$ 2,605,235	\$ 3,938,939
REFUNDABLE DEPOSITS .....	\$ 297,249	\$ 304,490
INVESTMENTS, at cost (market value — 1964, \$1,940,075; 1963, \$1,645,741) .....	\$ 1,191,064	\$ 1,191,064
FREEHOLD MINERAL RIGHTS (1,142,109 acres with no assigned value) .....	\$ —	\$ —
PROPERTIES AND EQUIPMENT (Note 2):		
Interest in petroleum and natural gas rights and development expenditures —		
Productive, at cost, less accumulated depletion and amortization .....	\$ 3,277,462	\$ 3,311,856
Non-productive, at cost .....	6,486,616	4,379,682
	\$ 9,764,078	\$ 7,691,538
Production and other equipment, at cost less accumulated depreciation .....	1,492,307	1,535,040
	\$11,256,385	\$ 9,226,578
	\$15,349,933	\$14,661,071

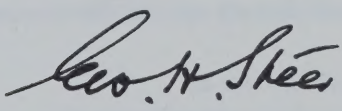
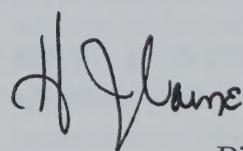
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## BALANCE SHEET AT DECEMBER 31, 1964

## LIABILITIES

	1964	1963
CURRENT :		
Accounts payable .....	\$ 174,953	\$ 496,847
Total current liabilities .....	\$ 174,953	\$ 496,847
PREPAID LEASE RENTAL INCOME .....	\$ 88,267	\$ —
SHAREHOLDERS' EQUITY :		
Capital stock —		
Authorized, 3,250,000 shares of no par value		
Outstanding 2,415,100 shares .....	\$ 54,229	\$ 54,229
Retained earnings .....	15,032,484	14,109,995
	<u>\$15,086,713</u>	<u>\$14,164,224</u>
Signed on behalf of the Board :		
		
Director.		
		
Director.		
	<u>\$15,349,933</u>	<u>\$14,661,071</u>

gral part of these financial statements.



## NOTES TO FINANCIAL STATEMENTS    DECEMBER 31, 1964

### 1. ACCOUNTING POLICY

The Company's accounting practice is to charge exploration expenses and lease rentals against earnings as incurred. Acquisition costs of productive properties and drilling costs of productive wells are capitalized and amortized on a unit of production basis. The acquisition costs of non-productive properties are expensed in the year the property is surrendered. The costs of unsuccessful wells are expensed upon completion.

Equipment is depreciated on the diminishing balance method, at maximum income tax rates, except for gas processing plant costs which are depreciated on a unit of production basis.

### 2. PROPERTIES AND EQUIPMENT

The accumulated allowances included under properties and equipment are as follows :

	1964	1963
Depletion and amortization of producing rights and development expenditures .....	\$ 827,859	\$ 688,364
Depreciation of production and other equipment .....	1,375,282	1,183,453
	<u>\$ 2,203,141</u>	<u>\$ 1,871,817</u>

### 3. INCOME TAX

Canadian income tax law allows drilling and exploration expenditures as a deduction from income in the year of expenditure, or, if such expenditures exceed the income for the year, the excess may be carried forward and applied against the income of future years without limitation as to time.

Drilling and exploration costs claimed for income tax purposes exceed the amounts written off on the books by approximately \$1,000,000 for the year and \$5,900,000 cumulatively.

In addition, depreciation claimed for income tax purposes exceeds that recorded in the Company's books by \$80,000 for the year and \$590,000 cumulatively.

### 4. STATUTORY INFORMATION

Included in General Operating and Administration expenses are the following amounts :

Remuneration of executive officers .....	\$ 60,675
Directors' fees .....	2,907
Legal fees .....	1,229



## AUDITORS' REPORT

ARTHUR ANDERSEN & CO.  
CHARTERED ACCOUNTANTS

44 King Street West  
TORONTO 1

To the Shareholders,

The Calgary & Edmonton Corporation Limited :

We have examined the balance sheet of The Calgary & Edmonton Corporation Limited (a Canada corporation) as of December 31, 1964, and the related statements of earnings and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the Company, the accompanying balance sheet and statements of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company as at December 31, 1964, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,  
January 22, 1965.

*Arthur Andersen & Co.*  
ARTHUR ANDERSEN & CO.

# THE CALGARY & EDMONTON CORPORATION LIMITED

## DIRECTORS

H. J. Caine . . . . . Calgary, Alberta  
G. C. Fraser . . . . . New York, N.Y.  
T. F. C. Frost . . . . . London, England  
F. P. Jones, Jr. . . . . Houston, Texas  
H. B. Keck . . . . . Los Angeles, California  
W. M. Keck, Jr. . . . . Los Angeles, California  
G. H. Steer, Q.C. . . . . Edmonton, Alberta  
Earl Vigario . . . . . Los Angeles, California  
R. C. Ward . . . . . Houston, Texas

## OFFICERS

G. H. Steer, Q.C., Chairman of the Board  
and President  
H. J. Caine, Vice-President  
R. C. Schrader, Secretary  
G. E. Holmes, Treasurer and Comptroller

## REGISTRARS

The Royal Trust Company,  
Calgary, Alberta

## TRANSFER AGENTS

The Royal Trust Company, Calgary,  
Winnipeg, Toronto and Vancouver

## *Annual Meeting*

The Annual Meeting of the Shareholders will be held on Tuesday,  
April 20, 1965, at 10:00 A.M., at the Lake Louise Room of the  
Calgary Inn, 4th Avenue and 3rd Street, S.W., Calgary, Alberta.

Land Holdings — December 31, 1964





# LEGEND

APPROXIMATE LOCATION OF  
THE HOLDINGS OF  
THE CALGARY & EDMONTON  
CORPORATION LIMITED

Mineral Rights acquired at the time  
the Company was formed.

P. & N. G. Leases and Reservations in  
which the company has acquired an  
interest.

In addition to the acreage noted on this  
map the Company holds 450,996 net acres  
of P. & N. G. rights in the N.W.T.

OIL PIPELINE  
GAS PIPELINE  
OIL FIELD  
GAS FIELD





